

EXHIBIT 13B

FINANCE DOCKET No. 18181
MISSOURI SOUTHERN RAILROAD COMPANY
ABANDONMENT

Submitted March 3, 1941. Decided April 9, 1941

Certificate issued permitting abandonment, as to interstate and foreign commerce, by the Missouri Southern Railroad Company of its entire line of railroad in Wayne and Reynolds Counties, Mo.

George W. Holmes for applicant.

Scott Wilson and *W. A. Weeks* for Missouri Public Service Commission.

E. L. Brown for protestant.

REPORT OF THE COMMISSION

DIVISION 4, COMMISSIONERS PORTER, MAHAFFIE, AND MILLER

BY DIVISION 4:

The Missouri Southern Railroad Company on December 23, 1940, applied for permission to abandon its entire line of railroad extending from Leeper to Bunker, approximately 54 miles, in Wayne and Reynolds Counties, Mo. Protests were filed, and a hearing has been held, at which a member of the Missouri Public Utilities Commission presided with the examiner. Unless otherwise stated, all points mentioned herein are in Missouri. At the hearing all parties waived the issuance of an examiner's proposed report.

The applicant's line, which is located in the hilly section of southeastern Missouri, was constructed originally as a narrow-gage railroad to serve a proprietary lumbering operation. It was built in segments, beginning with the 10-mile section from Leeper to Garwood in 1884-86, and ending with the completion of the 10 miles between Reynolds and Bunker in 1908. About 1907 it was changed to standard gage. In 1929 the applicant constructed an 18-mile branch line (see *Missouri S. R. Co. Construction*, 150 I. C. C. 338), which was later abandoned pursuant to permission granted in *Missouri S. R. Co. Abandonment*, 233 I. C. C. 397 and 236 I. C. C. 563. The track is laid with 60-pound rail in fair condition, on untreated ties, and ballasted with local gravel of a poor quality. There are 63 timber trestles and 1 steel bridge 133 feet in length. Considerable deferred maintenance has accrued in the property, as evidenced by the decline

244 I. C. C.

MISSOURI S. R. CO. ABANDONMENT

529

in the average annual tie renewals from 11,196 during the 1931-35 period to 7,001 during 1936-40. Major renewals of timber trestles are also necessary. The applicant estimates that rehabilitation, which includes replacement of 84,000 ties and a substantial portion of the timbers and piling of 61 trestles, cleaning ditches, and restoring embankments, will require the immediate expenditure of not less than \$81,837. The net salvage value of the recoverable property, including the sale of real estate and excepting 2 units of Diesel motive power, is \$103,000.

The line was originally constructed to tap areas of virgin timber, the major part of which has since been removed. Large portions of the area have been absorbed in a national park situated on the line. The only industries served at present are a few small plants for sawing lumber or manufacturing wood products, and a charcoal plant. Livestock raising is carried on to a limited extent. The total population within an area of 5 miles on either side of the line is estimated to be about 7,000. The stations served, the population at each point, according to the 1940 census, except in the case of the 4 smallest settlements where the number of inhabitants was estimated, and the distance by highway to the nearest other railroad are Leeper, 204, 0; Raymond, 10, 5; Garwood, 20, 12; Ruble, 30, 23; Ellington, 850, 31; Corridon, 45, 31; Reynolds, 160, 30; and Bunker, 530, 29. Bunker, Ellington, and Leeper are the only agency stations. The last mentioned town, which is also served by the Missouri Pacific, is the only railroad connecting point on the applicant's line.

An improved State highway substantially parallels the line for its entire length, being intersected at Leeper and Ellington by important north-and-south highways. All-weather roads connecting with these State and Federal highways serve the less populous areas contiguous to the line. Common-carrier truck service operates through all points, while bus service is operated twice daily between the more important stations on the line and points north. Numerous private and unregulated small truckers operate throughout the area.

Present service consists of two round-trip freight trains weekly, which are operated with a 70-ton Diesel locomotive. A Diesel combination passenger and mail car operates one round trip daily in passenger service, mainly to meet the requirements of the Post Office Department. Another passenger car is operated on school days between Leeper and Ellington for transporting students between these points. Because of track conditions, the speed of trains is limited in some places to 5 miles an hour.

244 I. C. C.

321936m—41—vol. 244—35

During 1936-40, in order, 6,078, 5,518, 4,416, 8,628, and 14,861 passengers were carried.¹ During the same years local freight shipments totaled 15, 3, 1, 1, and 0 carloads and 53, 29, 18, 7, and 6 tons of less-than-carload freight.² Freight originating on the line and interchanged with the Missouri Pacific consisted of 973, 1,034, 522, 705, and 384 carloads and 153, 146, 114, 109, and 99 tons of less-than-carload freight, while that received from the Missouri Pacific amounted to 190, 193, 185, 187, and 95 carloads and 601, 518, 443, 428, and 485 tons of less-than-carload freight. The increase in carloadings during 1939 is attributed to a large movement of cross ties by a dealer who was retiring from business. The movement of lumber, cross ties, and other forest products, which constituted most of the applicant's business, has declined steadily since 1911. The average tonnage of those commodities handled annually during 1931-40 was 59 percent less than the average for the 10 years previous thereto. The decline in tonnage of all commodities handled during the same periods was about 51 percent. During 1936-40, shipments of forest products declined from a high of 986 carloads in 1937 to 378 in 1940. At present most of the timber dealers operating in the area are hauling ties to stations on the Missouri Pacific or the St. Louis-San Francisco, where higher prices are paid by the buyers. The extensive use of trucks throughout the area has contributed materially to the decline in traffic.

The applicant's income accounts for each year 1935-40, in order, show the following: Revenues, freight, \$54,811, \$58,966, \$61,115, \$37,448, \$50,126, and \$26,505; passenger, \$2,136, \$2,175, \$2,020, \$1,588, \$2,428, and \$3,246; mail, \$7,734, \$7,767, \$7,759, \$7,761, \$6,645, and \$6,084; express and miscellaneous, \$1,399, \$1,297, \$875, \$957, \$917, and \$909; totals, \$66,080, \$70,205, \$71,769, \$47,754, \$60,116, and \$36,744; operating expenses, maintenance of way and structures, \$16,290, \$17,482, \$29,577, \$12,357, \$13,954, and \$12,027; maintenance of equipment, \$9,939, \$13,146, \$14,073, \$10,716, \$8,412, and \$12,693; traffic and transportation, \$19,888, \$21,036, \$21,888, \$18,146, \$18,524, and \$15,182; general, \$7,944, \$7,695, \$10,220, \$5,993, 7,763, and \$8,802; totals, \$54,061, \$59,359, \$75,758, \$47,212, \$48,653, and \$48,704. The inclusion of other operating expenses, including railway tax accruals \$3,607, \$5,124, \$5,230, \$5,325, \$3,456, and \$3,451, hire of freight cars \$1,373, \$1,371, \$1,284, \$677, \$645, and \$301, hire of other equipment and joint-facility rents \$17, \$216, \$28, \$51, \$29, and \$37, and \$21 uncollectible revenue during 1935, indicates a profit from line opera-

¹ Includes 3,808 students carried during 1939 and 10,691 in 1940 under a flat rate of \$200 a month.

² Local freight averaged 41 tons a car and interline from 25 to 30 tons.

MISSOURI S. R. CO. ABANDONMENT

531

tions of \$7,001 in 1935, \$4,135 in 1936, and \$7,333 in 1939. Losses were \$10,531 in 1937, \$5,511 in 1938, and \$15,749 in 1940. Including the net nonoperating income, amounting to \$46, \$56, \$75, \$59, \$13, and \$129, and interest on funded and unfunded debt of \$4,722, \$5,581, \$5,171, \$5,218, \$5,712, and \$4,720, the results of operating the line were \$2,325 (profit) in 1935; \$1,390 (deficit) in 1936; \$15,627 (deficit) in 1937; \$10,670 (deficit) in 1938; \$1,634 (profit) in 1939; and \$20,340 (deficit) in 1940. The applicant's balance sheet as of November 30, 1940, shows investment in road and equipment \$810,682; miscellaneous physical property \$5,502; investments in affiliated companies \$204; current assets \$4,718; deferred assets \$1,297; unadjusted debits \$26,967; capital stock \$414,700; funded debt unmatured \$141,000; current liabilities \$21,238; unadjusted credits \$220,204; additions to property through income and surplus \$8,316; and profit and loss (debit balance) \$59,003. The funded debt unmatured includes \$125,000 of bonds and \$16,000 of equipment-trust certificates payable serially until December 1944. The applicant had \$795 cash on hand as of November 30, 1940, while the unpaid matured interest on funded debt amounted to \$7,500.

A tax lien amounting to \$753 has been filed by the Railroad Retirement Board against the property for nonpayment of the 3-percent pay-roll tax for the first three quarters of 1940, and the applicant is apprehensive of the enforced collection of the 1940 taxes under the Carriers Taxing Act, aggregating \$1,289. The employees are not paid standard wages, and the salaries of some of the officers have not been paid during recent months.

The protestant objects to the proposed abandonment for the reason that it would inconvenience the school children using the line. He conceded that the highways within the area will permit the year-round operation of school busses, but if that form of transportation is used the children will be compelled to travel longer distances than is now necessary to get to the railroad. The record shows that the inconvenience complained of would affect only a few children, since a large majority of them reside as close to the highway as to the railroad. Testimony concerning the possible development of manganese-ore deposits near Ellington, most of which was based on hearsay, is too speculative to be considered an important factor in the consideration of this case. There has never been any mining of this kind in the area served by the line, and there is nothing of record to show that ore has been discovered in quantities to warrant commercial production.

It is apparent that the timber resources, which at one time furnished a major part of the traffic of the line, are practically exhausted. The

244 I. C. C.

transportation needs of the community can be met by motortrucks that operate throughout the area. The granting of the application herein will not result in any serious public inconvenience, while the continued operation of the line would impose an undue burden upon the applicant and interstate commerce.

We find that the present and future public convenience and necessity permit abandonment, as to interstate and foreign commerce, by the Missouri Southern Railroad Company, of its entire line of railroad in Wayne and Reynolds Counties, Mo., described herein. An appropriate certificate will be issued, effective from and after 40 days from its date, in which suitable provision will be made for the revocation of concurrences and powers of attorney and the cancelation of tariffs applicable to interstate and foreign commerce.

244 I. C. C.